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HAND DELIVERED

Mr. Ernest Johnson, Executive Director
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

Re: Johnson Utilities, LLC: CAGRD Adjustor Mechanism (Docket No. WS-02987A-08-0180)

Dear Mr. Johnson:

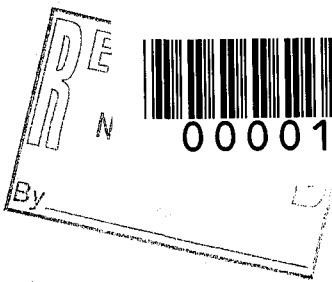
As you are aware, Johnson Utilities has been working with Utilities Division Staff ("Staff") on the form and operation of the Central Arizona Groundwater Replenishment District ("CAGRD") adjustor mechanism, and collection of the CAGRD fee, that was approved by the Arizona Corporation Commission in its recent Decision 71854. As part of the process, Johnson Utilities has had several meetings with Staff and with Mr. Cliff Neal, Manager, Planning and Replenishment, Central Arizona Water Conservation District ("CAWCD"). It was also brought to our attention that Staff has likewise met with Mr. Neal but Johnson Utilities representatives were not present at that meeting. While Johnson Utilities has worked diligently with Staff and CAWCD, there still remains some confusion and apparently some miscommunication between CAWCD and the Arizona Department of Water Resources ("ADWR") regarding the determination of the CAGRD replenishment obligation and the corresponding cost to Johnson Utilities. Johnson Utilities is diligently working to coordinate a meeting between Staff, CAWCD, ADWR and Johnson Utilities to reach closure on this issue. We anticipate that this meeting will occur in the next week or two. I will report back to you once a meeting date has been firmly established. We respectfully request that this item not be rescheduled on the Commission's open meeting agenda until a proposed mutual resolution and understanding has been reached between the Commission, ADWR, CAWCD and Johnson Utilities.

OPEN MEETING AGENDA ITEM

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Ernest Johnson, Executive Secretary
ARIZONA CORPORATION COMMISSION
November 12, 2010
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As always, if you have any questions, please contact me at your convenience at the direct line listed above.

Very truly yours,

SNELL & WILMER



Jeffrey W. Crockett

JWC:gb

cc: Kristin K. Mayes, Chairman
Gary Pierce, Commissioner
Paul Newman, Commissioner
Sandra D. Kennedy, Commissioner
Bob Stump, Commissioner
Steve Olea, Director, Utilities Division
Cliff Neal, CAWCD
Brian Tompsett, Johnson Utilities